

TACOMA NARROWS BRIDGE UPDATE

BRIEFING PAPER

Prepared for the
APRIL 2002 TRANSPORTATION COMMISSION MEETING

Prepared by
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PURPOSE:

To provide a briefing concerning the impacts of legislative action as well as a schedule of key activities for the Tacoma Narrows Bridge Project.

ACTION/OUTCOME:

Commission understanding and support of legislative and project activities.

BACKGROUND:

Washington State Department Of Transportation (WSDOT) and United Infrastructure of Washington, Inc. (UIW) executed a December 28th Letter Agreement as a vehicle to advance the project should public financing legislation be enacted. On March 22, 2002, the Governor signed EHB 2723, which amended RCW 47.46, Public Private Partnership Act to allow the use of R-49 bonds to support public financing of the Tacoma Narrows Bridge Project. In addition the recently signed current law budget provides \$800 million in bond financing as well as the remaining state appropriation for the project. The project is once again in a position to move forward.

DISCUSSION:

Legislative changes to the PPI Act include the following:

- Allows public financing to finance the project. The current law budget appropriates an additional \$800 million in the form of R-49 bonds to finance the project. This appropriation is added to the existing \$50 M of state funded appropriation.

- The Transportation Commission will replace the role of the nonprofit corporation in reviewing financial plans and setting toll rates for the project.
- Creates a Citizens advisory committee to advise the Transportation Commission on toll rates. The committee is made up of nine members appointed by the Governor. The Commission must allow the committee 20 days to review and comment on a proposed toll schedule.
- Existing Contracts are allowed to remain, and WSDOT is not required to re-bid any contracts.
- WSDOT is eligible for the same tax deferrals that were available to the private entity.
- State funds already appropriated from the Motor Vehicle Fund for the project, ie \$50 million of which \$39 million is remaining, do not have to be repaid by tolls.
- To accommodate round trip tolling issues, it allows tolls to be placed on the existing bridge.
- Prohibits Maintenance on the existing bridge to be paid for by tolls. Maintenance, Operations, and Rehabilitation work of the existing bridge shall be paid for from funds traditionally established for WSDOT Maintenance and Preservation activities.
- Creates a legislative oversight committee for PPI projects.

A significant amount of work has been accomplished to date, though with the legislative change from private to public financing, revisions to existing contracts and other key activities need to be accomplished prior to proceeding with construction.

The Developer Agreement is the base document on which the project has been developed to date. WSDOT and UIW have agreed to make revisions to the Developer Agreement to reflect the revised financing provisions and other resulting changes. A significant change is that WSDOT will assume the management roles for construction and operations of the project. The roles and responsibilities of UIW as the Management Service Contractor (MSC) and Operation and Maintenance Contractor (OMC) will be consolidated under WSDOT, such that the role of UIW as MSC and OMC are eliminated.

The Design Build agreement will need to be re-negotiated to reflect the changed roles and responsibilities associated with project financing, project management, and project timing. The letter agreement includes a commitment from both WSDOT and UIW to work together to achieve a single point of contact for all construction work. Our intent is that the toll system supplier will be managed under the responsibility of the Design Build Contractor.

Under the privately financed partnership project, UIW was responsible for managing both operations and maintenance of the project, by an agreement with TransCore Inc. for toll system operations, an agreement with WSDOT for highway maintenance, and an agreement with Washington State Patrol for toll enforcement actions. UIW and WSDOT have committed to work together to allow WSDOT to enter into the Toll Systems Operations Contract with TransCore Inc., should WSDOT determine this is the most cost effective management structure.

The following team members will be involved with project negotiations:

<u>Developer Agreement</u>	<u>Design/Build Agreement</u>	<u>Toll Operations Agreement</u>
John Conrad	John Conrad	John Conrad
Linea Laird	Linea Laird	Linea Laird
Deborah Cade	Jerry Weigel	Region Traffic
Fred Kessler	Tom Baker	Hdqts. Traffic
	Deborah Cade	Deborah Cade
	Fred Kessler	Fred Kessler

Policy Oversight: Doug MacDonald, Paula Hammond, John Conrad, John Okamoto, Randy Hain

A schedule for accomplishing negotiations of key contracts as well as other critical work is included for your review as an attachment.

The December 28th letter agreement provides payment provisions for UIW to compensate them for what would have been earned by UIW if the project went forward as originally proposed. UIW has earned approximately \$40 M in work completed for the project between May 1994 and July 2001. WSDOT agreed to provide \$30Million to UIW, upon approval of legislation by the Governor. A work-order is currently in process for this payment. The invoice and attestation audit report was received April 2, 2002. The audit documents were reviewed by Wayne Donaldson, and payment will be provided to UIW by April 16, 2002.

In addition, UIW and WSDOT executed a letter agreement on April 2, 2002 for Key activities to be performed on a monthly basis between now and providing a NTP to the design builder. Work activities include:

- Re-negotiating the Development Agreement, and assisting with Transcorp negotiations on the Toll System Operations
- Transition existing environmental permits from UIW to WSDOT, and extend permit timelines as needed.
- Assist in completing agreements with City of Tacoma concerning the relocation of War Memorial Park, and the relocation of the existing pump station. These activities will include attending meetings, participating in City Council work sessions, and other public meetings as necessary.
- Assist in transitioning responsibilities, which include project documents, right of way files, and Local Involvement Committee activities. UIW shall assist WSDOT in setting up an LIC meeting to bring the LIC up to date on changes brought about by new legislation, and development of a new communication plan.
- UIW shall prepare all necessary documents to facilitate dissolution of the Non-Profit entity.
- UIW shall meet with WSDOT on a weekly basis to review schedule and status of the scope of work and associated tasks to be accomplished.

Other Key Activities to be performed by WSDOT include:

- Execution of a Memorandum of Agreement with Pierce County for existing and future improvements to be performed on adjacent County Roads.
- Work with the Commission and State Treasurers Office to develop financial plans and other required documents in advance of bond sales.
- Working with the Department of Revenue to gain tax-exempt status.

RECOMMENDATION:

No action is required at this time, though future action will be required to approve a financial plan in advance of bond sales.

For further information, contact: (Linea Laird, Tacoma Narrows Bridge Project Manager, 360-357-2658).